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UNCLAS VILNIUS 001224

SIPDIS

SENSITIVE

STATE FOR EUR/NB, EB/CBA, L, P (DBAME)  
COMMERCE FOR ITA/ADVOCACY CENTER (PNUGENT)

E.O. 12958: N/A

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SUBJECT: CONOCOPHILLIPS BACK IN TOWN TO PURSUE INTEREST IN  
LITHUANIA'S OIL REFINERY

REF: A. VILNIUS 1186

[1](#)B. VILNIUS 1007

[1](#)1. (SBU) ConocoPhillips (CP) President and CEO James Mulva, during a November 18 meeting with Prime Minister Algirdas Brazauskas, reiterated CP's interest in buying the Mazeikiu Nafta (MN) oil refinery in an equal partnership with the Russian oil firm Lukoil. A PM spokeswoman told us that Mulva also promised that CP would invest substantially in modernizing MN. She provided the following readout from the meeting.

[1](#)2. (SBU) Mulva asked the PM why the CP/Lukoil consortium had such a poor image in Lithuania. The PM said that CP did not have a poor image in Lithuania, but admitted that Lukoil did, especially among the Conservative opposition. The PM, noting that the Conservatives will have a strong say on the MN issue, encouraged Mulva to speak to the Conservatives to help change this image. Mulva reportedly replied that he had tried to set up a November 18 meeting with Conservative leader Andrius Kubilius, but that Kubilius was out of town. Mulva said that he would nevertheless try to meet Kubilius soon.

[1](#)3. (SBU) Mulva asked the PM to explain the significance of the GOL's decision to begin negotiations with TNK-BP ahead of the other bidders. The PM said that this decision did not exclude other contestants and that the GOL would give serious and equal consideration to all proposals.

[1](#)4. (SBU) CP did not request a meeting at the Embassy during today's visit to Vilnius. We tracked down CP President of International Downstream Operations Mike Fretwell, who told us that the meeting "went quite well" but added that "we have a hill to climb," presumably in reference to Lukoil's image problem. He was pressed for time, and said that he would send us more details next week about today's meeting.  
MULL